
SENATE BILL No. 389

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-12.1-4.5.

Synopsis: Personal property tax abatement. Includes work in process in the determination of property tax abatement.

Effective: January 1, 2002 (retroactive).

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January 10, 2002, read first time and referred to Committee on Finance.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 389

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.4-2000,
2 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of
4 this section, "personal property" means personal property other than
5 inventory (as defined in IC 6-1.1-3-11(a)).

6 (b) An applicant must provide a statement of benefits to the
7 designating body. The applicant must provide the completed statement
8 of benefits form to the designating body before the hearing specified in
9 section 2.5(c) of this chapter or before the installation of the new
10 manufacturing equipment or new research and development
11 equipment, or both, for which the person desires to claim a deduction
12 under this chapter. The state board of tax commissioners shall prescribe
13 a form for the statement of benefits. The statement of benefits must
14 include the following information:

15 (1) A description of the new manufacturing equipment or new
16 research and development equipment, or both, that the person
17 proposes to acquire.



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(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment or new research and development equipment, or both, and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

With the approval of the state board of tax commissioners, the statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment or new research and development equipment, or both, is reasonable for equipment of that type.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment or new research and development equipment, or both.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be

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retained can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

(5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment or new research and development equipment, or both.

(6) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (f), an owner of new manufacturing equipment whose statement of benefits is approved before May 1, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years. Except as provided in subsections (f) and (i), an owner of new manufacturing equipment or new research and development equipment, or both, whose statement of benefits is approved after June 30, 2000, is entitled to a deduction from the assessed value of that equipment for the number of years determined by the designating body under subsection (h). Except as provided in subsections (f) and (g) and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment or new research and development equipment, or both, in the year that the equipment is installed; multiplied by

(2) the percentage prescribed in the table set forth in subsection (e).

For purposes of determining the deduction from assessed value under this subsection, construction in process as of an assessment date is treated as having been installed to the extent it would have been assessed as new manufacturing equipment or new research and development equipment if it had been installed before that assessment date.

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(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	80%
3rd	60%
4th	40%
5th	20%
6th and thereafter	0%

(6) For deductions allowed over a six (6) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	85%
3rd	66%
4th	50%
5th	34%
6th	25%
7th and thereafter	0%

(7) For deductions allowed over a seven (7) year period:



1	YEAR OF DEDUCTION	PERCENTAGE
2	1st	100%
3	2nd	85%
4	3rd	71%
5	4th	57%
6	5th	43%
7	6th	29%
8	7th	14%
9	8th and thereafter	0%
10	(8) For deductions allowed over an eight (8) year period:	
11	YEAR OF DEDUCTION	PERCENTAGE
12	1st	100%
13	2nd	88%
14	3rd	75%
15	4th	63%
16	5th	50%
17	6th	38%
18	7th	25%
19	8th	13%
20	9th and thereafter	0%
21	(9) For deductions allowed over a nine (9) year period:	
22	YEAR OF DEDUCTION	PERCENTAGE
23	1st	100%
24	2nd	88%
25	3rd	77%
26	4th	66%
27	5th	55%
28	6th	44%
29	7th	33%
30	8th	22%
31	9th	11%
32	10th and thereafter	0%
33	(10) For deductions allowed over a ten (10) year period:	
34	YEAR OF DEDUCTION	PERCENTAGE
35	1st	100%
36	2nd	90%
37	3rd	80%
38	4th	70%
39	5th	60%
40	6th	50%
41	7th	40%
42	8th	30%

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1	9th	20%
2	10th	10%
3	11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment or new research and development equipment, or both, to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located ~~(excluding personal property that is assessed as construction in process)~~ to be less than the assessed value of all of the personal property of the owner in that taxing district ~~(excluding personal property that is assessed as construction in process)~~ in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) For an economic revitalization area designated before July 1, 2000, the designating body shall determine whether a property owner whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the resolution shall be sent to the county auditor and the state board of tax commissioners.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(i) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

- (1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or
- (2) is subject to an order or a consent decree with respect to



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1 property located in Indiana based on a violation of a federal or
2 state rule, regulation, or statute governing the treatment, storage,
3 or disposal of hazardous wastes that had a major or moderate
4 potential for harm.

5 SECTION 2. [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]

6 **(a) IC 6-1.1-12.1-4.5, as amended by this act, applies only to**
7 **property taxes first due and payable after December 31, 2002.**

8 **(b) This SECTION expires January 1, 2004.**

9 SECTION 3. **An emergency is declared for this act.**

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